

**BOARD LETTER – SUMMARY SHEET  
HEALTH AND MENTAL HEALTH SERVICES CLUSTER**

<b>AGENDA REVIEW</b>	11/14/12
<b>BOARD MEETING</b>	12/4/12
<b>SUPERVISORIAL DISTRICT</b>	All
<b>DEPARTMENT</b>	Mental Health
<b>SUBJECT</b>	Approval to extend the repayment of cash flow advances of three Mental Health Legal Entity Contractors
<b>PROGRAM</b>	Financial Services Bureau
<b>DEADLINES</b>	None
<b>COST &amp; FUNDING</b>	The extension of the repayments of the Fiscal Year (FY) 2009-10 unearned Cash Flow Advances (CFA) from the three Legal Entity (LE) contractors will delay the recovery of \$291,173 by five months. There is no net county cost impact associated with this action.
<b>PURPOSE OF REQUEST</b>	Approval will allow Department of Mental Health (DMH) to enter into repayment settlement agreements with the three legal entity contractors to extend the repayment period of outstanding unearned cash flow advances for FY 2009-10 from three months to six months.
<b>SUMMARY/ ISSUES</b>  (Briefly summarize program and potential issues or concerns. Identify changes, if any, to level of funding or staffing; how funding will be utilized and why best use; prior accomplishments; and for BLs involving contracts, also note changes to the contract term.)	<p>CFA is a disbursement of funds to the LE contractors for working capital purposes. Such advances are fiscal year specific and are made to provide funds for the LE contractors to operate during the period of time from the delivery of the services to DMH payment of the actual claims. The recovery of the unearned CFA is based on an analysis of cost reports for that year.</p> <p>The FY 2009-10 LE contract language stipulates that the repayment period for the recovery of the CFA shall not exceed a three-month period and in October 2012, DMH began the recovery process of estimated unearned CFA for that year. However, three LE contractors indicated that it would be a financial hardship to repay the estimated unearned amount owed in three installments, as it would have an adverse cash flow impact on their daily operations. To avoid an adverse impact on LE contractors and the mental health services they deliver, DMH is requesting the Board's approval to enter into repayment settlement agreements with the three LE contractors to repay the amount over a period not to exceed six months.</p>
<b>DEPT. &amp; COUNTY COUNSEL CONTACTS</b>	DMH: Robin Kay, Chief Deputy (Telephone No. 213-738-4108) County Counsel: Stephanie Jo Reagan (Telephone No. 213-974- 0941) Auditor-Controller: John Naimo (Telephone No. 213-974-8484)